Committee
On Finance

Max Baucus, Ranking Member

Statement by Senator Max Baucus Regarding Welfare Legislation

I was a strong supporter of welfare reform in 1996. Looking back, it's clear it was the right thing to do. The success has been dramatic. Literally thousands and thousands of American families have replaced a welfare check with a paycheck.

Given that success, I'm looking forward to working with Senator Grassley and other members of the Finance Committee this year to develop a bipartisan measure that builds on those achievements.

However, I have serious concerns with the welfare bill passed by the House today. It is - in effect - an unfunded mandate on the States. It imposes expensive new work requirements on States and does not pay for them. The Congressional Budget Office estimated last year that it would cost $8-11 billion for States to implement the work requirements in this bill, much of it for child care. Yet the bill only increases child care funding by $1 billion.

That kind of unfunded mandate was a mistake last year when the House passed its bill. But it's a disaster now, given the horrible fiscal conditions the States are facing. For the current fiscal year, the projected deficits for the states are $70-85 billion. This is the worst situation in decades.

We need to help States now, not make things worse. That's why I've proposed a one-time grant of $75 billion to States. These are no-strings-attached grants that will allow states to use the funds where they are most needed. In addition, these grants will help to reduce or eliminate the need for States to increase taxes or cut vital services like welfare or child care. Aid to the states is an immediate, effective, and responsible way to boost our economy. We must continue to work together to help the states get through this difficult economic time, rather than burden they with additional red tape, requirements and reduced funding.